

Success Stories/Lessons Learned Template

Please provide the following data:

Headline (Maximum 300 characters): Seizing a BEEautiful opportunity in Jimma, Ethiopia.

Body Copy (Maximum 5,000 characters):

In Ethiopia, where industries are developing at a rapid pace and entrepreneurs are taking the lead on pioneering new industries and innovating existing ones, Samuel Woldekidan saw a golden opportunity and chased after it. Living in the southwestern region of Ethiopia opened a new door for Samuel when he realized the country's immense potential in the apiculture industry, which at the moment wasn't being fully engaged. Despite Ethiopia's long existing culture of beekeeping, diverse agro-ecology, unique natural flora ideal for beekeeping, high number of beehives per smallholder and larger output potential, there are little to none Value-Adding Enterprises in the country's apiculture industry. The majority of the output is sold to local honey wine shops ('tej' houses) and the relatively smaller volume of the output is collected and transported to the capital city by processors.

While contemplating the idea of entering into the honey and beeswax processing business, Samuel learned about a project that works with start-up businesses and provides technical assistance to agribusiness entrepreneurs. The Ethiopia Sustainable Agribusiness Incubator (ESAI) project under Precise Consult International PLC in partnership with USAID supports innovative private sector actors, facilitates the start-up process for entrepreneurs and connects smallholder farmers to global markets. As a new businessman to the apiculture industry, Samuel saw working with the ESAI project as a great way to gain the support he needed to tap into the untouched value-added honey market and to empower smallholder beekeepers in Ethiopia. He proposed to establish the very first honey and beeswax processing and exporting enterprise in the strategic city of Jimma (central town between Oromia and Southern regions of Ethiopia) and immediately his business concept was accepted into the agribusiness incubator project.

With the support of ESAI, the company name was registered as Yerkisho Honey and Beeswax Trading PLC and a business plan was underway. The next step was to rent a work space. Under the facilitation of ESAI, the company rented a former coffee storage warehouse in Jimma zone and ordered its processing machinery from a local technologist who works in assembly manufacturing. Yerkisho then signed a Memorandum of Understanding with 391 organized beekeepers in the Gera and Gomma (Agaro) woredas of Jimma zone and with 250 beekeepers in the Geisha woreda of Kaffa zone.

Next, Yerkisho had to raise funds to train all the beekeepers and employees of the processing factory. ESAI facilitated the raising of funds for Yerkisho by connecting the company to the Netherlands Development Organizations (SNV)'s Apiculture Scale-up Programme for Income and Rural Employment (ASPIRE) and successfully securing a capacity building grant of 300,000.00 ETB to train Yerkisho's beekeepers on improved and modern ways of beekeeping. In addition to this, ESAI provided support on preparing bank loan applications for the company, resulting in 3.2 million ETB in loans for the provision of modern production equipment. With adequate finance, Yerkisho was then able to partner with existing beekeepers on credit in order to stimulate the local economy and create employment for the community. Furthermore, to purchase the raw products and to operate the business, with the support of ESAI Samuel was able to secure a working capital loan of 3 million ETB. Within a year of operations, Yerkisho sold 480 quintals in local sales and slowly began to transform the Jimma economy and empower the local community.

With business picking up within Jimma, Samuel started to seek opportunities outside Ethiopia and immediately begun working on exporting his products into global markets. In February 2013, Samuel attended the Biofac Trade Fair in Germany to promote his newly established company and their high quality products. From Yerkisho's participation in the trade fair, the company secured an export contract and is now a global competitor in honey and beeswax processing. Not only is Yerkisho championed as the first honey and beeswax processing unit in Jimma within its first year of operations, but now the newborn company is getting ready to complete its first export shipment.

Pullout Quote (Optional, 1,000 characters): From the beehives in Jimma, Ethiopia to the assembly line at Yerkisho Honey and Beeswax Processing Factory to the shelves of supermarkets in Europe.

Background Information (3,000 characters):

ESAI is a three-year project financed by USAID's Feed the Future initiative and contributes to DO1 of the USAID/Ethiopia Country Development Cooperation Strategy (CDCS) – "Increased Economic Growth with Resiliency in Rural Ethiopia". The ESAI project offers business solutions to identified value chain problems in three select subsectors: sesame, honey and dairy. Through a transparent and rigorous process, the project selects and supports entrepreneurs and/or existing companies with innovative business ideas that will contribute to the alleviation of the identified value chain issues in the three sub-sectors.

Beekeeping is an important economic activity in Ethiopia and the country ranks tenth in honey production and fourth in beeswax production worldwide. However, despite its rich endowment honey production remains highly underexplored. The current honey production levels stand at a paltry 43,000 MT of honey and 3,000 MT of beeswax, which is only about 10% of the country's potential. Aside from not meeting this potential, the quality of honey produced in the country is very poor. The poor quality and low productivity of honey production is due to the fact that 95% of beekeepers engage in traditional beekeeping practices and do not use improved technology. For this reason, income from the apiculture sub-sector is minimal sector coordination is poor and there is limited access to financial services and international markets for existing beekeepers.

Yerkisho is operating in West Ethiopia, an area known for having a very high potential for production of good quality honey. The absence of honey processing companies operating in the area contributes to the limited demand and low price level of the raw honey; creating a gap in the industry and discouraging farmers from producing more. Yerkisho is the first honey processing company to be established in the area and bridges the gap by buying raw honey from smallholder beekeepers at a reasonable price and refining the honey so it can be sold for higher prices at local and international markets. Yerkisho is now a for-profit social enterprise that provides local jobs for the community, empowers smallholder beekeepers, increases honey productivity in the region and sells high quality Ethiopian honey to the rest of the world.

Contact Information (300 characters):

Amanuel Assefa

Deputy Chief of Party for the Ethiopia Sustainable Agribusiness Incubator (ESAI) Project under Precise Consult International PLC

Telephone: +251 926-797850 (m)

Email: Kidus_aman@yahoo.com